

Finance

Long-Term Care Commission
Retreat January 2009





Presentation Contents:

- Access
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What barriers to accessing services?

How does funding influence access?

- Barriers to access include:
 - Waiting lists
 - inequitable financial eligibility requirements across levels of care
 - Multiple entry points
 - Services from multiple providers

LTC TASK FORCE

Recommendation # 9:

Adapt Financing Structures that:

- ❑ Maximize Resources,
- ❑ Promote Consumer Incentives, and
- ❑ Decrease Fraud.

17 specific items under this recommendation that suggest changes to; policy, research, revenue, taxation, insurance, managed care, caregivers, education and advocacy.



Progress

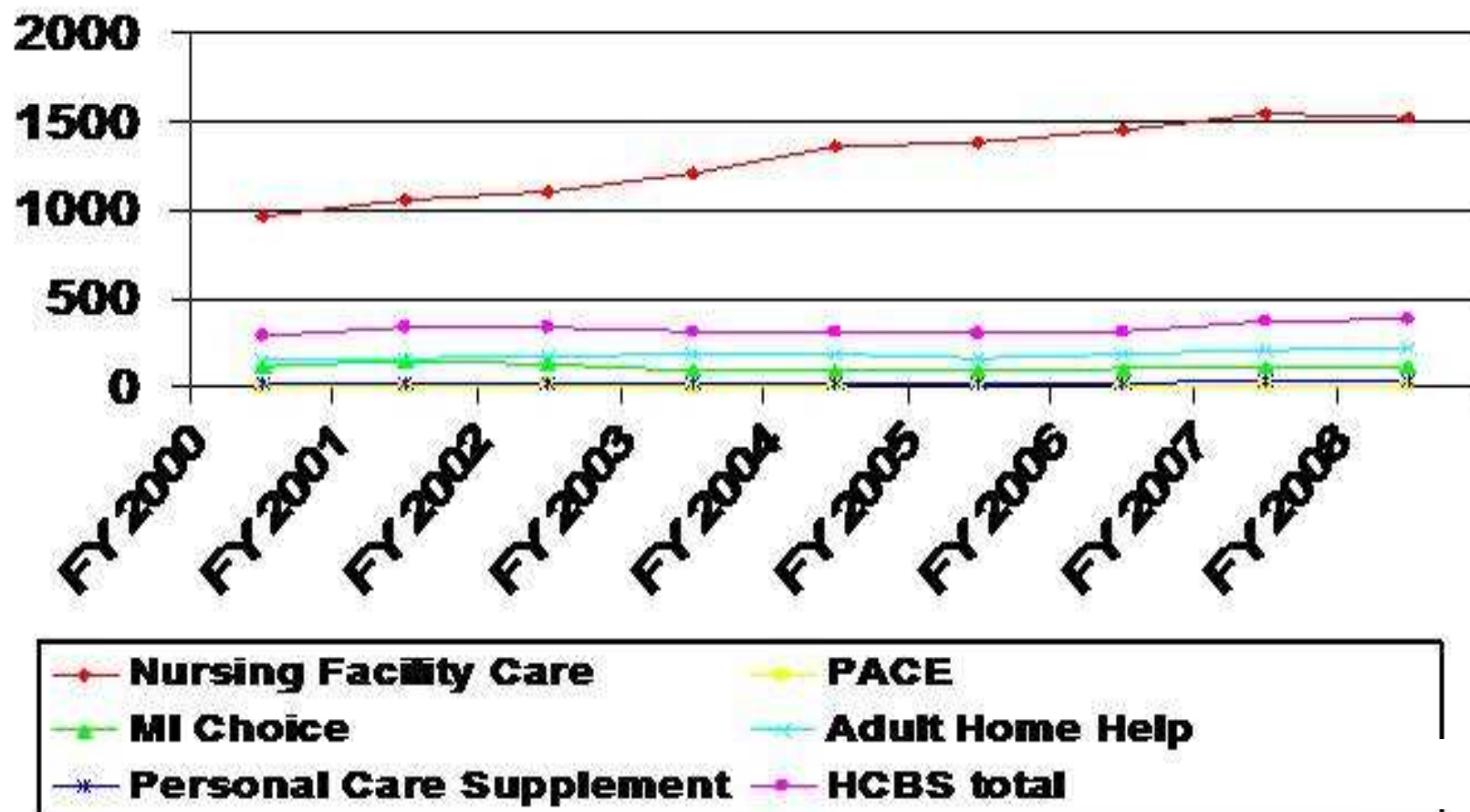
- ❑ Case Mix Workgroup includes MSA, HCAM, and MAHSA and consumer representatives. Will be expanded to include other stakeholders.
- ❑ Continuing review of prepaid health care delivery models (consider integrating acute care and home help into the proposed program).
- ❑ Long Term Care Partnership Initiative (expansion of private LTC insurance coverage)

Next Steps

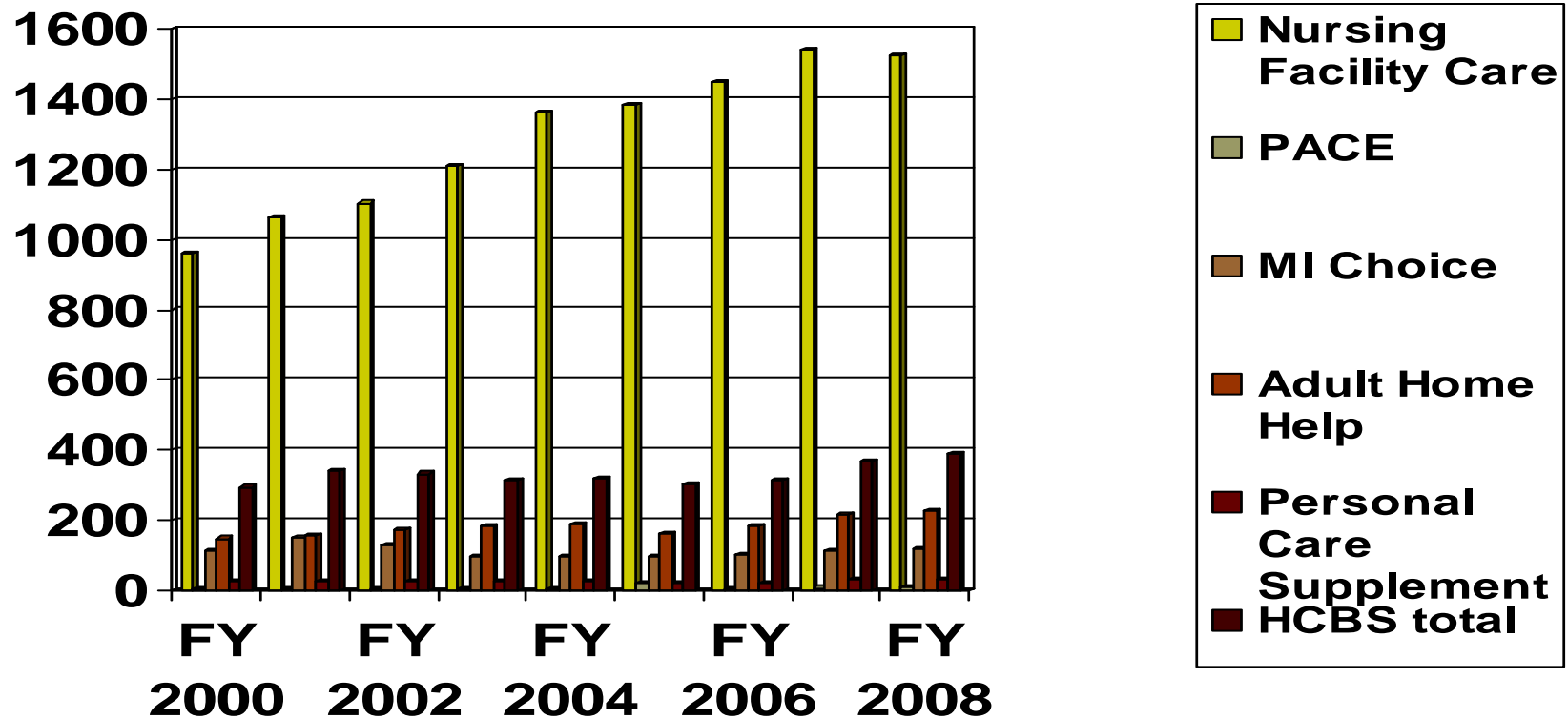
- ❑ Integrated (Acute and LTC) Health Plan
- ❑ Case Mix Reimbursement
- ❑ Better Data to Drive Decisions
 - State Profile Tool



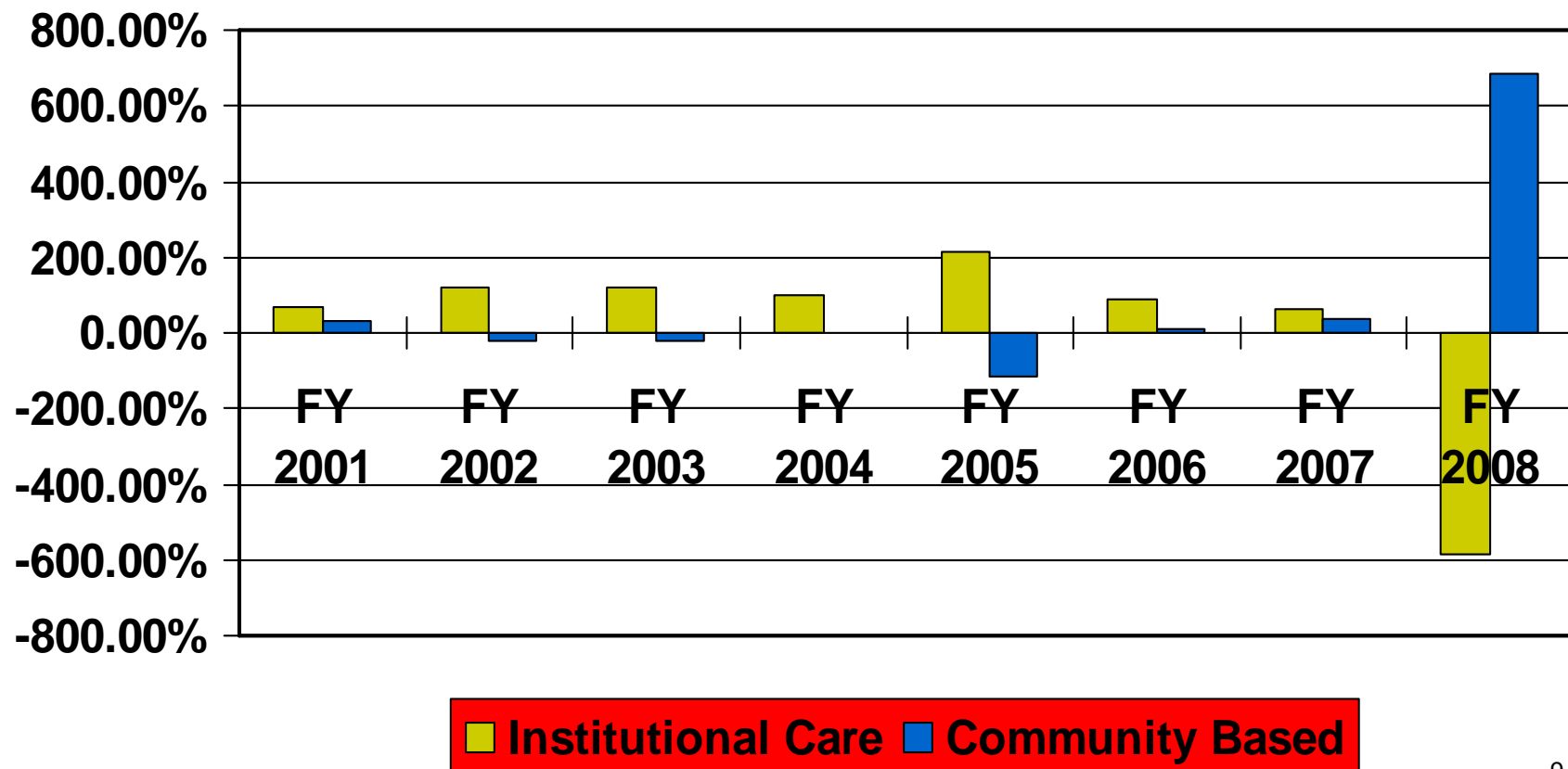
Michigan Expenditures on HBCS 2000-2008



Trends in LTC Spending 2000-2008



Percent of Change in Funding Institutional vs. Community Based Care 2001-2008



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Recommendation # 9: Adapt Financing Structures that Maximize Resources, Promote Consumer Incentives, and Decrease Fraud.

Progress

- Case Mix Workgroup includes MSA, HCAM, and MAHSA and county representative. Will be expanded to include other stakeholders.
- Continuing review of prepaid health care delivery models (consider integrating acute care and home help into the proposed program).
- Long Term Care Partnership Initiative (expansion of private LTC insurance coverage)
 - PA 674 of 2006 directed the Departments of Community Health , Human Services and the Office of Financial and Insurance Regulation to put together a LTC Partnership program that meets the requirements of the Deficit Reduction Act of 2005.
 - Continue to seek CMS approval for an amendment of the Medicaid state plan to allow for asset disregards and a LTC Partnership program. (Approval of the LTC Partnership SPA has been tied by CMS to approval of the state’s estate recovery SPA.)

Next Steps

Michigan received a \$504,601 three year grant to develop a state profile tool. The profiles will provide qualitative and quantitative picture of the long-term care system. It will describe the interactions between systems, the relationship between populations and opportunities for closer coordination. This data will support the planning process and provide information needed to make changes to maximize resources.

- Managed care initiative
- Consider case mix for waiver and other services
- CASE MIX—cover dementia and time for not traditional acuity issues
- Doors 3, 4, and 5 – understand users and find potential HCB [??]
- Wait list—related to understanding need and service change

The following “Strategies/Action Steps” and “Benchmarks” were taken from Michigan Medicaid Long-Term Care Task Force Report, May 2005.

Strategies /Action Steps

1. Michigan should decouple its estate tax from the federal estate tax to make more revenue available.
2. Michigan should identify sources of non-federal tax revenue that are utilized to provide LTC and support services for Medicaid consumers, and create policies and procedures that will allow these funds to be used as local match to capture additional federal Medicaid dollars for long-term care and supports.
3. The Michigan Congressional Delegation should:
 - a. Advocate for the removal of the congressional barrier imposed on the development of Partnership program by states between Medicaid and long-term care insurance.

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- b. Strongly advocate that the federal government assume full responsibility for the health care needs of individuals who are dually eligible for Medicare and Medicaid.
 - c. Urge the Congress to revise the current Federal Medical Assistance Percentage (FMAP) formula to a more just methodology using Total Taxable Resources or a similarly broader measure and to shorten the time frame from the data reporting period to the year of application.
4. Subject to appropriate reviews for actuarial soundness, overall state budget neutrality, and federal approvals, Michigan should establish a mandatory estate preservation program instead of establishing a traditional Medicaid Estate Recovery Program.
5. Legislation that promotes the purchase and retention of long-term care insurance policies and that addresses ratemaking requirements, insurance standards, consumer protections, and incentives for individuals and employers should be drafted, reviewed, introduced, and enacted after review by a representative group of consumers, advocates, and providers.
6. Three specific strategies aimed at increasing the number of people in Michigan who have long-term care insurance should be implemented: a) gain federal approval for the use of the Long-Term Care Insurance Partnership Programs.; b) expand the state employees' self-funded, long-term care insurance program; and c) examine the possibility of a state income tax credit for purchase and retention of long-term care insurance.
7. Tax credits and tax deductions for the purchase of long-term care insurance policies and for "out of pocket costs" for LTC should be considered.
8. A "special tax exemption" for taxpayers who provide primary care for an eligible parent or grandparent (and possibly others) should be explored. Based upon a \$1,800 exemption proposed in legislation introduced in 2005, the Senate Fiscal Agency estimates cost to the state in reduced revenue at less than \$1 million.
9. Michigan should encourage and strengthen local and regional programs that support caregivers in their care giving efforts.
10. An ongoing and centralized data collection process by DHS of trusts and annuities information should continue to be used to guide the need for state regulation.
11. There should be ongoing review and strengthening, along with strict and consistent enforcement, of laws and regulations governing the inappropriate use of trusts and annuities for Medicaid eligibility.
12. There must be more frequent, vigorous, and publicized prosecution of those who financially exploit vulnerable individuals.
13. State agencies should cooperate in discovering and combating Medicaid fraud, and recovering funds paid for inadequate care.
14. New legislation for the regulation by the state of "trust mills" and annuity companies should be enacted. This legislation should address the prevention of abusive sales tactics through the implementation of insurance industry regulations, registration of out-of-state companies, and prescreening of sales materials.
15. Appropriate state agencies should analyze and quantify the relationship between public and private resources, including both time and money, spent on LTC. This analysis should be used as a way to obtain a match for federal Medicaid dollars.
16. The state should study and pursue aggressive Medicare recovery efforts.
17. Medicaid eligibility policies should be amended to:

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- a. Permit use of patient pay amounts for past medical bills, including past nursing facility bills.
- b. Require full certification of all Medicaid nursing facilities.
- c. Require dual certification of all nursing facilities.

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Benchmarks

1. Increased state and federal support will be available to implement Person-Centered Plans and consumer choice options.
2. A reduction of inappropriate asset and income sheltering will be achieved.
3. Improved federal-state funding partnership will be achieved.
4. An increase in the number of Michigan citizens with LTC insurance will be achieved.
5. An adequate allocation of finances and resources across the array of supports and services will reflect informed consumer choices in the delivery of LTC services and supports.